



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF  
ENVIRONMENT, GREAT LAKES, AND ENERGY  
LANSING



LIESL EICHLER CLARK  
DIRECTOR

## UP ENERGY TASK FORCE MEETING

Little Bear East Arena  
North and South Conference Rooms  
275 Marquette St.  
St. Ignace, Michigan 49781  
February 7, 2020; 10 a.m. to 3:30 p.m.

### MEETING MINUTES

#### Attendees:

|                          |  |
|--------------------------|--|
| Kris Bowman              | Mike Nystrom                                     |
| David Camps              | Tanya Paslawski, Secretary (via videoconference) |
| Liesl Clark, Chairperson | Mike Prusi, Vice Chairperson                     |
| Mike Furmanski           | Tony Retaskie                                    |
| Jennifer Hill            | Dan Scripps                                      |
| Douglas Jester           | Dr. Roman Sidortsov (via videoconference)        |
| Jim Kochevar             | Tonya Swenor                                     |
| Michael Larson           |  |

#### **Welcome, Task Force Business**

Meeting commenced at 10:29 a.m.

- The February 7, 2020, agenda was approved unanimously by voice vote.
- The December 10, 2020, meeting minutes were approved unanimously by voice vote, with correction of the reference of Jamesville, Wisc., to Janesville, Wisc.
- The January 7, 2020, meeting minutes were approved unanimously by voice vote.
- Liesl Clark provided a summary of the updated meeting schedule and shared information about the UP Energy Summit, which will be held May 13, 2020 – the day after a scheduled UP Energy Task Force meeting. Both events will be held at Northern Michigan University in Marquette. Task Force members are encouraged to attend.
- All presentations, agendas, minutes, and meeting recordings are available at Michigan.gov/UPEnergyTaskForce. Public comments can be submitted via email at [EGLE-UPEnergy@Michigan.gov](mailto:EGLE-UPEnergy@Michigan.gov).

#### **Presentations**

Eric Pardini of Public Sector Consultants gave a presentation on the preliminary results of their study on the existing propane systems and alternatives, including the modeling scenarios utilized, in support of the propane supply report the UP Energy Task Force will deliver to Governor Whitmer. The PowerPoint presentation used is available at the following link:

[https://www.michigan.gov/documents/egle/UP\\_Energy\\_Task\\_Force\\_Preliminary\\_Results\\_PSC\\_02072020\\_680923\\_7.pdf](https://www.michigan.gov/documents/egle/UP_Energy_Task_Force_Preliminary_Results_PSC_02072020_680923_7.pdf)

Eric Pardini answered questions posted by Task Force members during and following the presentation.

The entire meeting recording, including Public Sector Consultants' full presentation, is available on EGLE's Youtube channel at the following link:  
<https://www.youtube.com/watch?v=5SCqRBxIxlk&feature=youtu.be>

### **Working Session**

Eric Pardini presented on the early version of the modeling data that will become the data set component of the Task Force recommendations.

The other piece of the report will be the recommendations identified by the Task Force based on their discussions and the presentations from each of the UP Energy Task Force meetings.

Chairperson Liesl Clark read the charge of the Task Force from Executive Order 2019-14, which includes submission of a report on propane and alternative means to supply propane to the UP by March 2020, and a second report regarding UP energy in general by March 2021. She noted that Public Sector Consultant's current work is in support of the deliverable and that the recommendations should be formed considering what the legislature and administration can do to help alleviate the pressure on UP residents if there is a disruption. The following recommendations were identified for inclusion:

- Assistance Programs to include propane customers
- Weatherization for propane customers
- Propane Pricing monitoring
- Consumer Protection for propane customers

The following potential changes were identified for evaluation:

- Increased storage capacity
- Continuous monitoring of marketing conditions
- Opportunities to expand rail infrastructure to increase distribution options
- State contracting for propane

Discussion during the work session included the following:

- Weatherization and energy efficiency are distinct but are often considered together in assistance programs. Both need to be addressed, whether in this report or the second report due in March 2021.
- Reducing per capita use will be an additional buffer to changes or disruptions.
- Energy efficiency is a component of both this phase and the next phase of this

effort. There was a suggestion to focus on the propane-specific elements for this report under a heading called Propane Efficiency and elaborate points underneath that and then separately under Low Income Efficiency Programs.

- Weatherization is expensive and only so many homes can be done a year.
- Public Sector Consultants was asked to include the wholesale pricing impact of a long-term disruption into the model and report back on macro supply-side impacts and cost build out.
- Lack of wholesale competition is an important issue to address.
- Additional consumer protection, possibly through legislation, for propane customers should be included in the recommendations.
- Getting competitors into the market is a challenge as it is a small market. The regulatory path is not the only way to put a check on a monopoly. Regulation will not invite competition. If you look at offtake of the pipeline and regulate there, you can still leave everyone else a free market.
- Limitations of storage is one of the most important issues that should be addressed, including wholesale, retails, and residential. Can residents be incentivized to fill tanks when the cost is cheaper? Can the state be involved in an initiative? Is there a way to craft an economic incentive?
- Eric Pardini provided UP LPG tank storage capacity (not specific to propane) conservatively at 2.3 million. There was a suggestion that 1.3 million is propane. Lower peninsula has 15.7 million total, 9 million being propane. Data will be shared with Kris Bowman for feedback.
- Export market should also be considered.
- Wood burning, geothermal, fuel-switching, etc., were mentioned and discussed as better in Phase 2. Perhaps this can be included as part of the contextualization of the propane report and be explored in the second report.

### **Public Comments**

There were no public comments.

### **Adjournment**

Meeting adjourned at 3:05 p.m.

**\*Approved at March 13, 2020, UP Energy Task Force meeting.\***